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September 15, 2015

The Honorable Robert A. McDonald
Secretary
U.S. Department of Veterans Affairs
810 Vermont Ave, NW
Washington, D.C. 20420

Dear Secretary McDonald:

I am writing to formally express my concerns with key aspects of VA's proposed funding plan for the remaining $625 million VA estimates is required to finish the replacement medical center in Aurora, Colorado. Although I appreciate the difficulty VA has in producing a plan that is fair to both taxpayers and veterans in a tight fiscal environment – a key reason why I have consistently proposed the President become engaged on this issue and look outside VA's budget for potential offsets – there are aspects of this plan which are problematic.

First, VA proposes to use $100 Million in offsets derived from higher-than-budgeted medical collections VA expects it will receive in Fiscal Years 2015 and 2016. According to slides VA officials presented at a September 3, 2015, Committee staff briefing, "The proposed reduction of $100 million to Medical Services would be fully offset by higher-than-budgeted fees deposited in the Medical Care Collections Fund in FY 2015 and projected for FY 2016." As you know, funds collected in the MCCF account are retained by VA facilities to supplement their medical care budgets. Thus, this proposal is tantamount to reducing VA's medical care budget by $100 million in FY 2016 in order to partially fund the Aurora hospital project.

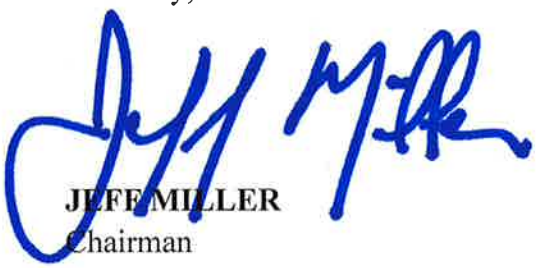
In testimony before the Committee by Deputy Secretary Sloan Gibson, as well as briefing presentations given to Committee staff by senior VA officials, VA has sounded the alarm that budgeted funds for Hepatitis C medications and "Care in the Community" for Fiscal Year 2016 are short. Cutting medical care to fund the Aurora replacement hospital when the public record reflects deep department concern over funding for these key areas is entirely inconsistent. Absent a satisfactory reconciling of VA's hospital funding plan and the expressed needs in these other areas I cannot support this aspect of VA's proposal.

Second, VA proposes to use $100 Million in offsets derived from reductions in costs for activations for leasing and construction due to schedule adjustments associated with several projects. When asked what VA's plan was to address the funding for these delayed leases and activations VA submitted the following response on September 11, 2015: "The activations requirements for the major construction and lease projects will occur in FY 2017 or later, rather than FY 2016 as budgeted. VA will ensure that we request sufficient activation funding in future budget years to account for the revised schedules." Banking $100 Million as an "offset" in one year only to ask Congress for additional funds in a subsequent year is not truly an offset; rather, it is more akin to a delayed supplemental request. Again, absent clarifying details regarding how VA intends to address this issue I must withhold my support for this aspect of VA's funding plan.

Mr. Secretary, I am willing to work with you to solve this problem of the department's own making. However, I believe Congress must be fully satisfied that offsets for an over-budget hospital project are, at the very least, legitimate, and certainly not coming at the expense of resources needed for veterans medical care. I ask that you work with me in the coming days to demonstrate that this is not the case.

Thank you for your leadership and your continued service to our veterans.

Sincerely,



JEFF MILLER
Chairman

CJM/jt

cc: The Honorable Corrine Brown, Ranking Minority Member